

Members of House Republican leadership faced a skeptical GOP conference at a meeting Friday to discuss how to extend the payroll tax holiday for another year. If that tax break is allowed to expire, working Americans will see a 2 percent tax increase in their paychecks starting in January.

According to numerous members and aides, Speaker John Boehner and the GOP leadership presented members with a plan to extend the payroll tax holiday for one year. It would also include the "Doc fix" to prevent physicians who treat Medicare patients from seeing a nearly 30 percent decrease in reimbursement rates from the federal government.

The package would also extend unemployment insurance, but with reforms to shorten the total number of weeks the unemployed receive benefits. The entire bill would be offset, though leaders were not settled yet on exactly how.

GOP leadership also sweetened the deal by proposing to add language that would force the Obama Administration to allow construction of the controversial Keystone pipeline from Canada to Texas. And they would add a bill easing environmental regulations on boilers.

One member described the sentiments of the conference on how to specifically extend the payroll tax cuts as "all over the place" with many arguing it shouldn't be done at all -- especially after a majority of Senate Republicans rejected a similar proposal Thursday night.

Rep. Jeff Flake (R-AZ) said that members of Republican leadership only want to extend the tax holiday because of the political consequences involved if Republicans allow a tax increase on their watch.

"People are concerned that our constituents won't understand this. All they'll know is they'll get hit, as I will, everybody will if you get rid of this payroll tax holiday," he said.

Flake added that constituents may not understand why Republicans are for a tax increase, but

"we're supposed to because we're here and we understand the long-term outlook."

Rep. John Campbell (R-CA) said that nothing could convince him to support the payroll tax extension, but he understands there could be political consequences.

"I understand that the president, which is his nature, wants to make political hay out of what he knows is bad policy, but that's what this president does," Campbell said. "This president can run for election, but he can't run the country."

Democrats have jumped at the opportunity to criticize Republicans for balking at extending a tax break that puts an extra \$900 in the average family's wallet during challenging economic times. Especially, House Minority Leader Nancy Pelosi said, during the holidays.

"Jobs are at stake and purchasing power of our middle class during this holiday season which is important to our economy depends on this," she told reporters Friday afternoon.

Pelosi also called out Republicans for having a double standard when it comes to which tax cuts should be offset with spending cuts.

She asked: "What is it that the middle class did to Republicans that they are taking it out on them so harshly in not passing this payroll tax and saying we're protecting the tax cut for the wealthy, but we're not protecting extending the tax cut for the middle class?"

Boehner pushed back on Democrats' characterization that Republicans are out of touch and out to protect the wealthy. He reminded reporters that his father was a bar owner.

"I know what's going on out in America," Boehner said. "And the fact is, Republicans are trying to do everything that we can to allow American families and small businesses to keep more of what they earned to try to get the government off the backs of employers so that they can begin to hire people. The other side can come out with all the rhetoric they can come out with, but the

facts are the facts."

Rep. Steve Latourette (R-OH), who supports extending the payroll tax, argued that Republicans, in the end, will find a way to get most of their members on board.

"This will get a majority of Republicans," he predicted. "But I think there are serious questions and the goal is to work through those questions over the next week or so so they can come up with a package that the majority of Republicans will support."

The House could move forward on a bill as early as next week if they are able to reach an agreement with members.